

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN RE:) Case No. BK08-83016
)
TRI-STATE FINANCIAL, LLC,) Chapter 11
d/b/a NORTH COUNTRY ETHANOL)
)
Debtor.

**AFFIDAVIT OF JEFF KISTNER IN SUPPORT OF MOTION FOR ORDER PURSUANT
TO 11 U.S.C. §§ 105(A) AND 363, FED. R. BANK P. 6004, AND LOCAL R. BANK P.
6004-1 AUTHORIZING AND APPROVING THE SALE OF SUBSTANTIALLY ALL OF
DEBTOR'S ASSETS FREE AND CLEAR OF LIENS**

STATE OF NEBRASKA)
)
COUNTY OF DOUGLAS)

Jeff Kistner, affiant being first duly sworn on oath deposes and states:

1. I am the ethanol consultant employed by the Trustee to assist him in the operation of the Rosholt, South Dakota, ethanol plant ("the Plant") owned by the Debtor. During the period the Plant was operating, I assisted the Trustee and worked closely with him to understand the condition of the Plant and its ability to operate profitably. During its operation, I continually reviewed the operating reports and financial statements of the plant operations. I believe I have a good understanding of the condition of the Plant, its capabilities to produce ethanol and its ability to generate a profit. I have continued to consult with the Trustee since the closure of the Plant. While the Plant was in operation and subsequent to its closure, I have consulted with the Trustee and assisted him in seeking ways to market and sell the Plant.

2. I have been involved in the ethanol business for 12 years and I provide consultant services for several companies, which own ethanol plants. These services include but are not limited to financial advisory, planning, and just in time CFO role. While the Plant was operational, I set up a marketing plan to sell the Plant. This plan included material about the

Plant, press releases, weekly advertising in a national publication and website. A data room containing financial and operational information about the Plant was set up to be accessed by those who signed a confidentiality agreement with the Trustee. There were 14 confidentiality agreements in place, and 6 other entities discussing the Plant without access to the data room. Phone calls were made to operating ethanol plants, grain elevators, lenders and industry vendors to discuss and promote the Trustee's auction of the Plant. The ethanol industry has seen volatility in late 2010 and 2011 due to government policy regarding the ethanol industry and uncontrolled commodity pricing swings. These two events make it hard to predict future cash flows. In addition, current operating plants are focused on their own liquidity requirements. Buying a plant such as Rosholt is not a priority for their current operation.

3. In my role as consultant for the Trustee, after the closure of the plant I have had numerous discussions with potential purchasers of the Plant, allowed them to visit the Data Room and have conducted tours of the plant for such prospective purchasers. In addition, after closure, I contacted all parties who had expressed an interest in purchasing the plant during the bidding process to inform them that the Trustee was willing to discuss a purchase of the plant without a minimum price. Also, I called a number of persons/entities whom I know in the ethanol field to advise them that the Rosholt plant was for sale and if they were interested the Trustee was accepting offers, with no minimum. In my opinion, it has been well publicized and known throughout the ethanol industry from March, 2011 forward that the Rosholt ethanol plant was available to be purchased, at best offer.

4 I also believe that the longer the Plant remains closed and in a "mothballed condition" the value of the Plant will continue to deteriorate, particularly during the winter season.

5 Premised on my knowledge and experience in the ethanol business, my knowledge of the current market for non-operating ethanol facilities, and my specific knowledge regarding the Plant, I believe the offer of Red River Energy to purchase the Plant for a cash offer of \$4,500,000.00, is a fair and reasonable price for such facility.

Further Affiant saith not.

/s/ Jeff Kistner

Jeff Kistner

Subscribed and Sworn to before me a Notary Pubic in and for the State of Nebraska this
18th day of August, 2011.

/s/ Theresa Cole

Notary Public